

through wire transfer instructions or check remittances, provided those funds were not destined for an account established on the books of a U.S. financial institution by a person whose property or interests in property were blocked immediately prior to January 19, 2001. Funds otherwise eligible for release under this general license, however, may not be unblocked and returned if they were remitted by or destined for a person designated in or pursuant to 31 CFR 587.201(a).

(b) Funds blocked pursuant to this part that were destined through wire transfer instructions or check remittances for an account established on the books of a U.S. financial institution by a person whose property or interests in property were blocked immediately prior to January 19, 2001, remain blocked. If such funds are not already held in the account for which they were destined, they must be transferred to such an account by October 15, 2001, and maintained in blocked status pursuant to § 586.201(c).

[66 FR 50509, Oct. 3, 2001]

§ 586.519 Release of certain funds held at overseas branches of U.S. financial institutions.

Specific licenses may be issued on a case-by-case basis to permit the overseas branches of U.S. financial institutions to unblock deposit accounts that were blocked pursuant to this part prior to January 19, 2001, and that were established outside of the United States in situations in which such accounts are not owned or controlled, directly or indirectly, by any person designated in or pursuant to 31 CFR § 587.201(a).

[66 FR 50510, Oct. 3, 2001]

§ 586.520 Unblocking of previously blocked property.

(a)(1) Except for such property and interests in property set forth in paragraph (a)(2) of this section, as of February 25, 2003, all transactions that otherwise would be prohibited by this part involving property or interests in property blocked pursuant to Executive Order 13088 of June 9, 1998, or Executive Order 13121 of April 30, 1999, that has remained blocked pursuant to Ex-

ecutive Order 13192 of January 17, 2001, are authorized.

(2) The authorization in paragraph (a)(1) does not apply to property or interests in property blocked pursuant to this part of those persons presently subject to sanctions under either the Federal Republic of Yugoslavia (Serbia & Montenegro) Milosevic Regulations set forth at 31 CFR part 587 or the Western Balkans Transactions Regulations set forth at 31 CFR part 588, or who are otherwise subject to sanctions under this chapter.

(b)(1) As of December 27, 2002, any person or government is authorized to seek an attachment, judgment, decree, lien, or other judicial or legal process against or with respect to any property or interests in property subject to the unblocking authorization set forth in paragraph (a) of this section. This section does not authorize any execution against, final settlement with respect to, garnishment of, or other action effecting the transfer of any property or interests in property subject to the unblocking authorization set forth in paragraph (a) of this section prior to February 25, 2003.

NOTE TO PARAGRAPH (B) OF § 586.520: Any person or government seeking judicial or other legal process under the authority of this paragraph must comply with the reporting requirements set forth under 31 CFR 501.605 pertaining to litigation, arbitration and dispute resolution proceedings.

[67 FR 78974, Dec. 27, 2002]

Subpart F—Reports

§ 586.601 Records and reports.

For provisions relating to records and reports, see subpart C of part 501 of this chapter.

Subpart G—Penalties

§ 586.701 Penalties.

(a) Attention is directed to section 206 of the International Emergency Economic Powers Act (the “Act”) (50 U.S.C. 1705), which is applicable to violations of the provisions of any license, ruling, regulation, order, direction, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to

this part or otherwise under the Act. Section 206 of the Act, as adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990 (Public Law 101-410, as amended, 28 U.S.C. 2461 note), provides that:

(1) A civil penalty not to exceed \$11,000 per violation may be imposed on any person who violates, or attempts to violate, any license, order, or regulation issued under the Act;

(2) Whoever willfully violates, or willfully attempts to violate, any license, order, or regulation issued under the Act, upon conviction, shall be fined not more than \$50,000, and, if a natural person, may also be imprisoned for not more than 10 years; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

(b) The criminal penalties provided in the Act are subject to increase pursuant to 18 U.S.C. 3571.

(c) Attention is also directed to 18 U.S.C. 1001, which provides that whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any materially false, fictitious, or fraudulent statement or representation, or makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry shall be fined under title 18, United States Code, or imprisoned not more than five years, or both.

(d) Violations of this part may also be subject to relevant provisions of other applicable laws.

[66 FR 50510, Oct. 3, 2001]

§ 586.702 Prepenalty notice.

(a) *When required.* If the Director of the Office of Foreign Assets Control has reasonable cause to believe that there has occurred a violation of any provision of this part or a violation of the provisions of any license, ruling, regulation, order, direction, or instruction issued by or pursuant to the direction or authorization of the Secretary of the Treasury pursuant to this part or otherwise under the International

Emergency Economic Powers Act, and the Director determines that further proceedings are warranted, the Director shall notify the alleged violator of the agency's intent to impose a monetary penalty by issuing a prepenalty notice. The prepenalty notice shall be in writing. The prepenalty notice may be issued whether or not another agency has taken any action with respect to the matter.

(b) *Contents of notice—(1) Facts of violation.* The prepenalty notice shall describe the violation, specify the laws and regulations allegedly violated, and state the amount of the proposed monetary penalty.

(2) *Right to respond.* The prepenalty notice also shall inform the respondent of respondent's right to make a written presentation within the applicable 30-day period set forth in § 586.703 as to why a monetary penalty should not be imposed or why, if imposed, the monetary penalty should be in a lesser amount than proposed.

(c) *Informal settlement prior to issuance of prepenalty notice.* At any time prior to the issuance of a prepenalty notice, an alleged violator may request in writing that, for a period not to exceed sixty (60) days, the agency withhold issuance of the prepenalty notice for the exclusive purpose of effecting settlement of the agency's potential civil monetary penalty claims. In the event the Director grants the request, under terms and conditions within his discretion, the Office of Foreign Assets Control will agree to withhold issuance of the prepenalty notice for a period not to exceed 60 days and will enter into settlement negotiations of the potential civil monetary penalty claim.

[66 FR 50510, Oct. 3, 2001]

§ 586.703 Response to prepenalty notice; informal settlement.

(a) *Deadline for response.* The respondent may submit a response to the prepenalty notice within the applicable 30-day period set forth in this paragraph. The Director may grant, at his discretion, an extension of time in which to submit a response to the prepenalty notice. The failure to submit a response within the applicable time period set forth in this paragraph